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State/Territory Name: Arizona

State Plan Amendment (SPA) #: 17-016

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
San Francisco Regional Office
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6706



DIVISION OF MEDICAID & CHILDREN'S HEALTH OPERATIONS

February 22, 2018

Tom Betlach, Director
Arizona Health Care Cost Containment System
801 East Jefferson Street
Phoenix, AZ 85034

Dear Mr. Betlach:

We have reviewed the proposed State Plan Amendment (SPA) 17-016, which was submitted to the Centers for Medicare & Medicaid Services (CMS) San Francisco Regional Office on December 12, 2017. This SPA establishes differential adjusted payments for integrated clinics, physicians, physician assistants, and registered nurse practitioners.

Based on the information provided, we are approving SPA 17-016 with an effective date of October 1, 2017 as requested. We are enclosing the approved Form CMS-179 and the following Medicaid State Plan pages:

- Attachment 4.19-B, Page 1(a)
- Supplement 2 to Attachment 4.19-B, Pages 1-3

If you have any additional questions or need further assistance, please contact Brian Zolynas at (415) 744-3601 or Brian.Zolynas@cms.hhs.gov.


Sincerely,

/s/

Henrietta Sam-Louie
Associate Regional Administrator
Division of Medicaid & Children's Health Operations

Enclosure:

cc: Jessica Woodard
Annie Hollis, CMCS

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 17-016	2. STATE Arizona
		3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
FOR: Centers for Medicare and Medicaid Services		4. PROPOSED EFFECTIVE DATE October 1, 2017	
TO: REGIONAL ADMINISTRATOR CENTERS FOR MEDICARE AND MEDICAID SERVICES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
5. TYPE OF PLAN MATERIAL (Check One): <input type="checkbox"/> NEW STATE PLAN <input type="checkbox"/> AMENDMENT TO BE CONSIDERED AS NEW PLAN <input checked="" type="checkbox"/> AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)			
6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR Part 447		7. FEDERAL BUDGET IMPACT: FFY 18: \$140,100 FFY 19: \$140,400	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B Page 1(a) Supplement 2 to Attachment 4.19B		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Same	
10. SUBJECT OF AMENDMENT: Updates the State Plan establishes differential adjusted payments for integrated clinics, physicians, physician's assistants, and registered nurse practitioners			
11. GOVERNOR'S REVIEW (Check One): <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Elizabeth Lorenz 801 E. Jefferson, MD#4200 Phoenix, Arizona 85034	
13. TYPED NAME: Elizabeth Lorenz			
14. TITLE: Assistant Director			
15. DATE SUBMITTED: 12/12/17			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED: December 12, 2017		18. DATE APPROVED: February 22, 2018	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL: October 1, 2017		20. SIGNATURE OF REGIONAL OFFICIAL: /s/	
21. TYPED NAME: Henrietta Sam-Louie		22. TITLE: Associate Regional Administrator Division of Medicaid and Children's Health Operations	
23. REMARKS:			

State: ARIZONA
METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-
OTHER TYPES OF CARE

See Supplement 2 to Attachment 4.19-B for differential adjusted payments for Integrated Clinics and Physicians, Physician Assistants, and Registered Nurse Practitioners, and outpatient hospitals and sub-acute behavioral health residential treatment facilities.

Rate Updates

Notwithstanding the methods and rates as otherwise described, for claims with dates of service between April 1, 2011 and September 30, 2011, all payments for outpatient hospital services will be reduced by 5% of the payment that would otherwise have been made under the methodology in effect as of October 1, 2010, as described above.

For claims with dates of service effective from October 1, 2011 to September 30, 2015, all payments for outpatient hospital services will be reduced by 5% under the methodology in effect as of October 1, 2011. For claims with dates of service effective October 1, 2015 to September 30, 2016, all payments for outpatient hospital services will be made using the methodology in effect as of September 30, 2015 resulting in a year to year 0% aggregate impact on Outpatient Hospital Rates. For claims with dates of service effective on or after October 1, 2016, outpatient hospital services will be made according to the AHCCCS fee schedule located on the AHCCCS website at:

<https://www.azahcccs.gov/PlansProviders/RatesAndBilling/FFS/>

These fees were updated October 1, 2016 for a 0% aggregate impact.

State: ARIZONA**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-
OTHER TYPES OF CARE**

The following is a description of methods and standards for determining Differential Adjusted Payments for providers registered with AHCCCS as integrated clinics and AHCCCS registered physicians, physician's assistants, and registered nurse practitioners, and outpatient hospitals and sub-acute behavioral health residential treatment facilities. The purpose of the Differential Adjusted Payment is to distinguish facilities which have committed to supporting designated actions that improve patients' care experience, improve members' health, and reduce cost of care growth. The Differential Adjusted Payment Schedule represents a positive adjustment to the AHCCCS Fee-For-Service rates. These payment adjustments will occur for all dates of service in Contract Year Ending (CYE) 2018 (October 1, 2017 through September 30, 2018) only.

1) Integrated Clinics**A. Applicability**

Providers must meet the following criteria to qualify for the differential adjusted payment as an integrated clinic:

1. Must be registered with AHCCCS as Integrated Clinic and licensed by the Arizona Department of Health Services as an Outpatient Treatment Center that provides both behavioral health services and physical health services.
2. During the period October 1, 2015 through September 30, 2016, claims for behavioral health services make up at least 40% of the provider's total claims

B. Exemptions:

IHS and 638 tribally owned and/or operated Integrated Clinics are exempt from this initiative at this time based on payments primarily at the federally-mandated all-inclusive rate.

C. Payment Methodology

For the contracting year October 1, 2017 through September 30, 2018, Differential Adjusted Rates will be paid for select physical health services and will provide an increase of 10% over the AHCCCS Fee-For-Service rates for the same services. The physical health services that qualify for the Differential Adjusted Rate are published on the Agency's website:

<https://www.azahcccs.gov/AHCCCS/Downloads/PublicNotices/rates/ValueBasedPaymentPublicComment.pdf>

2) Physicians, Physician Assistants, and Registered Nurse Practitioners**A. Applicability**

TN No. 17-016

Supersedes

TN No. 16-012b

Approval Date: February 22, 2018Effective Date: October 1, 2017

State: ARIZONA**METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-
OTHER TYPES OF CARE**

Providers must meet the following criteria to qualify for the differential adjusted payment as a physician, physician assistant, or registered nurse practitioner:

1. Provider must be an AHCCCS registered physician, physician assistant, or registered nurse practitioner
2. Provider must have written at least 100 prescriptions for AHCCCS members
3. Based on approved and adjudicated AHCCCS claims and encounters for July 1, 2016 through December 31, 2016 dispense dates, 50% of the provider's total AHCCCS prescriptions must be Electronic Prescriptions

B. Payment Methodology

Physicians, physician assistants, and registered nurse practitioners meeting the above criteria will qualify for a 1% increase on all services billed on the CMS Form 1500.

3) Outpatient Hospitals and Sub-acute Behavioral Health Residential Treatment Facilities**A. Overview:**

As of October 1, 2017 through September 30, 2018 (Contract Year Ending (CYE) 2018), AHCCCS-registered Arizona hospitals and sub-acute behavioral health residential treatment facilities (other than the facilities described in section C. below) which meet Agency established value based performance metrics requirements in section B. below will receive a Differential Adjusted Payment described in section D. below. The Differential Adjusted Payment Schedule represents a positive adjustment to the AHCCCS Fee-For-Service rates. These payment adjustments will occur for all dates of discharge in CYE 2018 only. The purpose of the Differential Adjusted Payment is to distinguish facilities which have committed to supporting designated actions that improve patients' care experience, improve members' health, and reduce cost of care growth.

B. Applicability

To qualify for the Outpatient Differential Adjusted Payment, a hospital or a sub-acute behavioral health residential treatment facility providing outpatient services must meet one of the following criteria:

- a. Hospitals receiving APR-DRG reimbursement must have executed an agreement with a state's health information exchange (HIE) on or before May 15, 2017 and must have electronically submitted laboratory, radiology, transcription, and medication information, plus admission, discharge, and transfer information (including data from the hospital emergency department) to the state's HIE on or before May 15, 2017.
- b. Other hospitals and sub-acute behavioral health residential treatment facilities must have executed an agreement with and electronically submitted admission, discharge, and transfer information, as well as data from the facility's emergency department if appropriate, to the state's HIE. Facilities must have an executed agreement and initiate activity with the state's HIE by October 1, 2017. Additionally, the state's HIE will conduct a readiness assessment of all interested facilities and will determine, based on the results of the assessment, whether or not the facility is approved to proceed with connectivity and meeting the program deadlines.

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES-
OTHER TYPES OF CARE

C. Exemptions:

IHS and 638 tribally owned and/or operated facilities, including hospital and nursing facilities are exempt from this initiative.

D. Payment Methodology

For hospitals and sub-acute behavioral health residential treatment facilities meeting the above qualifications, all payments for outpatient services will be increased by 0.5%. This increase does not apply to supplemental payments.